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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte JUSTIN MONK, DENISE KEAY,
NATHAN DARMENTO, and JOAN RHODE

Appeal 2009-013250
Application 10/690,394
Technology Center 3600

Before MURRIEL E. CRAWFORD, HUBERT C. LORIN, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL¹

¹ The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, or for filing a request for rehearing, as recited in 37 C.F.R. § 41.52, begins to run from the “MAIL DATE” (paper delivery mode) or the “NOTIFICATION DATE” (electronic delivery mode) shown on the PTOL-90A cover letter attached to this decision.

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final decision rejecting claims 1, 2, 4-6 and 8-21. We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

We affirm in part.

BACKGROUND

Appellants' invention is directed to systems and methods of fraud management in relation to stored value cards.

Claim 1 is illustrative:

1. An account acquisition fraud management system, the account acquisition fraud management system comprising:

a first analysis engine, wherein the first analysis engine is associated with a first stored value product;

a second analysis engine, wherein the second analysis engine is associated with a second stored value product from a different issuer than an issuer of the first stored value product; and

a cross monitor, wherein the cross monitor is operable to accept a first transaction information from the first analysis engine about a first transaction with the first stored value product and a second transaction information from the second analysis engine about a second transaction with the second stored value product, wherein the first transaction information is provided from the cross monitor to the second analysis engine; and

wherein the second analysis engine is operable to recognize a common load source account to associate the transactions and determine a transaction velocity from the first and second transaction information, and stalling the second transaction when the transaction velocity exceeds a velocity threshold.

REFERENCE

The Examiner relies on the following prior art reference as evidence of unpatentability:

Arthus US 2003/0187783 A1 Oct. 2, 2003

REJECTIONS

Appellants appeal the following rejections:

Claims 6 and 8-15 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

Claims 1, 2, 4-6 and 8-21 under 35 U.S.C. § 102(e) as anticipated by Arthus.

ISSUES

Did the Examiner err in rejecting claims 6 and 8-15 as being directed to non-statutory subject matter because the claims are tied to a particular machine?

Did the Examiner err in rejecting claims 1, 2, 4-6 and 8-21 because Arthus does not disclose a cross monitor as claimed?

FACTUAL FINDINGS

Arthus discloses a system and method of monitoring credit fraud which includes point of sales devices 106, a credit processing computer 108 and a server computer 102 [0039]. The server computer 102 stores transaction information in a database 110 [0040]. The server computer exchanges information with a credit fraud assessment computer 112 (*id.*). The server computer 102 is configured to receive merchant credit

transactions from the point of sales devices 106 [0039]. Arthus does not disclose that the server computer 102 provides information from the server computer to the point of sales computers.

ANALYSIS

Non-Statutory Subject Matter

The Appellants' argument that claims 6 and 8 to 15 are tied to a particular machine is not persuasive. The Examiner held that the claims are not tied to a particular machine or apparatus nor do they transform a particular article into a difference state or thing. Ans. 5. The Supreme Court stated "that the machine-or-transformation test is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101." *Bilski v. Kappos*, 130 S.Ct. 3218, 3227 (2010). However, "[t]he machine-or-transformation test is not the sole test for deciding whether an invention is a patent-eligible process." *Id.* "In searching for a limiting principle, [the Supreme] Court's precedents on the unpatentability of abstract ideas provide useful tools." *Id.* at 3229. The Supreme Court outlined one such precedent:

In *Benson*, the Court considered whether a patent application for an algorithm to convert binary-coded decimal numerals into pure binary code was a "process" under § 101. [*Gottschalk v. Benson*, 409 U.S. 63, 64-67 (1972)]. The Court first explained that "[a] principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right." *Id.* at 67 (quoting *Le Roy v. Tatham*, 55 U.S. 156, 175 (1852)). The Court then held the application at issue was not a "process," but an unpatentable abstract idea. "It is conceded that one may not patent an idea. But in practical effect that would be the result if the formula for converting...

numerals to pure binary numerals were patented in this case.” 409 U. S., at 71. A contrary holding “would wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself.” *Id.* at 72.

Bilski, 130 S.Ct. at 3230.

Claim 6 is a method claim that recites the steps of “receiving,” “associating,” and “providing a response.”

With respect to the “machine” inquiry of the “machine-or-transformation” test, Appellants argue that the recitation of analysis engines and a global negative file ties the claims to a particular machine. Reply Br. 3. In our view, the language represents, at most, the use of a general computer and does not tie the method to a particular computer or a particular machine. We note that Appellants’ Specification discloses that *any* microprocessor based system capable of monitoring ongoing activity and/or authorizing activity in relation to a stored value product can form the analysis engines. Spec. 5. The global negative files are disclosed as files that store data such as phone numbers, addresses, account numbers, etc. that can be stored on any general purpose computer. Spec. 6. “The general-purpose computer is designed to perform operations under many different programs.” *Benson*, 409 U.S. at 65. However, mere use of a generic machine or a general purpose computer to perform the steps of an otherwise unpatentable abstract idea is not sufficient to meet the requirements for § 101 statutory subject matter. Note that the Supreme Court determined in *Benson* that the method of converting signals from binary-coded decimal numbers to binary was not a statutory process, even when limited to using a “reentrant shift register” for the conversion. *Id.* at 73-74 (claim 8, reproduced in Appendix to Opinion of the Court). We therefore find that

claim 6 fails to require a “particular machine” consistent with the requirements of the “machine-or-transformation” test.

Turning to the “transformation” branch of the “machine-or-transformation” test, we find that the recited method fails to transform an article to a different state or thing. *See Bilski*, 130 S.Ct. at 3258. Thus, we find that claim 6 fails to satisfy either inquiry of the “machine-or-transformation” test.

However, our guidance from the Supreme Court in *Bilski* indicates that the “machine-or-transformation” test is not the final inquiry under 35 U.S.C. § 101. *See Bilski*, 130 S.Ct. at 3253. We must further analyze claim 6 under the Supreme Court’s precedents on the unpatentability of abstract ideas. *Id.*

Claim 6 is directed to a method for detecting fraud in relation to stored value products. The claims do not recite how the various steps are accomplished. Here, similar to *Benson*, concluding that the claimed subject matter is patent eligible under 35 U.S.C. § 101 would effectively pre-empt performing the various steps by any means, and in practical effect would be a patent on the idea of detecting fraud in relation to stored value products. As the Supreme Court has made clear, “[a]n idea of itself is not patentable.” *Rubber-Tip Pencil Co. v. Howard*, 87 U.S. 498, 507 (1874) *quoted in In re Warmerdam*, 33 F.3d 1354, 1360 (Fed. Cir. 1994).

We conclude that Appellants’ invention is directed to an abstract idea. Accordingly, we are not persuaded that the Examiner erred in rejecting claim 6. Appellants have not presented arguments for separate patentability of dependent claims 8-15. Therefore, claims 8-15 fall with claim 6. *See* 37 C.F.R. § 41.37(c)(1)(vii).

Anticipation

We agree with the Appellants that Arthus does not disclose a cross monitor which provides first transaction information to the second analysis engine as recited in claim 1. The Examiner relies on paragraphs [0039] to [0041] for this disclosure and identifies server computer 102 as the cross monitor and the point of sale devices 106 as the analysis engines. Ans. 13. However, as found above, Arthus discloses that the server computer 102 receives information from the point of sale devices 106 and provides information to the credit fraud assessment computer but does not disclose that the server computer 102 provides information to the point of sale devices 106. As such, we cannot sustain the Examiner's rejection of claim 1 and claims 2, 4 and 5, which depend therefrom, as anticipated by Arthus. We will also not sustain this rejection as it is directed to claim 16 and claims 17 to 21 because claim 16 requires a cross monitor which communicates transaction velocity information to a first and second issuer.

We likewise do not sustain this rejection as it is directed to claim 6 and claims 8-15 dependent thereon, because Arthus does not disclose the step of "providing a response" to the first issuer analysis engine as the Arthus' server computer does not provide information to the point of sale devices.

DECISION

We affirm the Examiner's rejection under 35 U.S.C. § 101.

We reverse the Examiner's rejection under 35 U.S.C. § 102(e).

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No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2009).

AFFIRMED-IN-PART

nlk

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